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SSO-00 INRE-00 PRS-01 COME-00 TRSE-00 CIEP-03 OMB-01

SAM-01 SAJ-01 DRC-01 /146 W

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O R 111154Z SEP 74 FM AMEMBASSY DAMASCUS TO SECSTATE WASHDC IMMEDIATE 1420 INFO USUN NEW YORK 64

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E.O. 11652: GDS TAGS: EAID, SY

SUBJ: SYRIAN REQUEST U.S. ECONOMIC AND TECHNICAL ASSISTANCE

REF: STATE 192413

- 1. SUMMARY: HELD INITIAL MEETING WITH FONMIN KHADDAM EVENING SEPTEMBER 10 TO DISCUSS SYRIAN REQUESTS FOR BILATERAL ASSISTANCE. HE ASKED FOR MAJOR ASSISTANCE IN TERMS OF SCHOLARSHIPS, TECHNICAL ASSISTANCE AND AGRICULTURAL COMMODITIES. END SUMMARY.
- 2. KHADDAM LAUNCHED MEETING WITH BRISK READING FROM HAND WRITTEN SLIP OF PAPER LISTING FIVE CATEGORIES OF ASSISTANCE REQUESTED: EDUCATION EXCHANGE; AGRICULTURAL COMMODITIES; RESULTS OF EARTH RESEARCH TECHNOLOGY SATELLITE (ERTS); CONSTRUCTION EQUIPMENT; ECONOMIC COOPERATION.
- 3. EDUCATIONAL EXCHANGE. SYRIA SEEKS:

A. INITIAL GRANT OF 100 GRADUATE LEVEL SCHOLARSHIPS, RISING TO A TOTAL OF 300 ANNUALLY, PREPARING FOR DOCTORATES IN: ENGINEERING, MEDICINE, PETROLEUM TECHNOLOGY, CONFIDENTIAL

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CHEMISTRY, MINERALOGY, PHYSICS, MECHANICAL ENGINEERING,

ANIMAL HUSBANDRY AND AGRICULTURE.

B. TECHNICAL EXPERTISE. VISITS BY TECHNICAL
ASSISTANCE MISSIONS "WITH SPECIFIC SKILLS TO BE DETERMINED."

C. U.S. PROFESSORS. EXCHANGE PROFESSORS AT SYRIA'S THREE UNIVERSITIES IN DISCIPLINES OF NATURAL SCIENCES, MEDICINE AND MATHEMATICS.

4. AGRICULTURAL COMMODITIES. SYRIA SEEKS THE FOLLOWING:

WHEAT - 500,000 TONS

SUGAR - 100,000 TONS

RICE - 100,000 TONS

VEGETABLE OIL - 50,000 TONS

CORN - 50,000 TONS

PLUS CANNED FISH AND MILK, QUANTITIES NOT SPECIFIED.

5. ERTS: SYRIA DESIRES TO BENEFIT FROM SATELLITE PHOTOGRAPHY IN SURVEYING ITS MINERAL RESOURCES. (COMMENT: FONMIN SPOKE OF "SKYLAB" PROGRAM AND STATED HE AWARE THAT JORDAN WAS ALREADY BENEFITING FROM SKYLAB PHOTOGRAPHY.)

- 6. CONSTRUCTION EQUIPMENT: SYRIA WOULD LIEK "A NUMBER OF CATERPILLAR BULLDOZERS AND DUMP TRUCKS."
- 7. ECONOMIC COOPERATION: "SYRIA WANTS THE USG TO SUGGEST OTHER FIELDS IN WHICH IT CAN HELP SYRIA. SYRIA STANDS READY ENGAGE IN ANY FORM OF ECONOMIC COOPERATION."
- 8. FONMIN DELIVERED FOREGOING LIST WITH MACHINEGUN-LIKE RAPIDITY. I OBSERVED THAT WE HAD ALREADY MADE STAB AT FRAMING OUR THOUGHTS ABOUT TYPE OF ASSISTANCE SYRIA MOST NEEDED AND WHAT WE COULD BEST PROVIDE. BASIC PROBLEM WAS OUR IGNORANCE ABOUT DEVELOPMENTS IN THE SYRIAN ECONOMY OVER CONFIDENTIAL

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PAST SEVERAL YEARS. WE ALSO LACKED DATA ON THE CURRENT AGRICULTURAL AND EDUCATIONAL SCENE. CITED, AS EXAMPLE, SURPRISE IN WASHINGTON AT KHADDAM'S MENTIONING NEED FOR WHEAT IN HIS AUGUST MEETING WITH SECRETARY. WE HAD UNDERSTOOD SYRIA WAS ENJOYING A BUMPER WHEAT HARVEST THIS YEAR. KHADDAM REPLIED THIS SIMPLY WAS NOT THE CASE. SYRIA'S NORMAL ANNUAL WHEAT CONSUMPTION IS NOW RUNNING AT 1,200,000 TONS; 1974 HARVEST HAD NETTED ONLY ESTIMATED 30 PERCENT OF TOTAL NEEDED.

PREDICTIONS OF EXTREMELY PROMISING CROP AT THE END OF LAST WINTER HAD BEEN OVERTURNED BY HOT WINDS AND PROLONGED DROUGHT IN THE SPRING. I STATED THAT WHATEVER AGRICULTURAL COMMODITIES MIGHT BE AVAILABLE WOULD BE PROVIDED UNDER PL-480. SUGAR IS NOT AVAILABLE UNDER PL-480 AND VEGETABLE OILS WERE IN SHORT SUPPLY. KHADDAM RESPONDED THAT ANY TYPE OF COOKING OIL, SOYA OR COTTON SEED, WOULD BE ACCEPTABLE.

9. I NOTED THAT IT WOULD BE DESIRABLE IN MY OPINION TO TAKE ADVANTAGE OF VISIT BY SARG MINISTER OF ECONOMY, DEP. MINISTER OF FINANCE AND GOVERNOR AND DEP. GOVERNOR OF SYRIAN CENTRAL BANK TO SEPTEMBER'S ANNUAL IBRD/IMF MEETINGS IN WASHINGTON. WE COULD SET UP CONTACTS WITH DEPARTMENT AND AID OFFICERS. KHADDAM AGREED THIS WOULD BE USEFUL AND SAID HE WOULD INSTRUCT HIS COLLEAGUES TO MAKE THEMSELVES AVAILABLE. COMMENT: REQUEST NEA/ARN COORDINATE WITH AID AND IBRD/IMF TO ARRANGE MEETINGS WITH APPROPRIATE USG OFFICIALS IN WASHINGTON DURING IBRD/IMF SESSION. END COMMENT.

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10. TURNING TO HIS REQUEST FOR SCHOLARSHIP ASSISTANCE, I SAID THAT WE HAD NO SPECIFIC FIGURES IN MIND ABOUT THE SIZE OF AN AMERICAN SPONSORED GRADUATE SCHOLARSHIP PROGRAM. IN ALL FRANKNESS WANTED TO TELL HIM IMMEDIATELY THAT I FELT THE NUMBER OF SCHOLARSHIPS SOUGHT WOULD BE BEYOND THE

CAPACITY OF OUR OFFICIALLY FUNDED CULTURAL EXCHANGE PROGRAM. NOTED HE ALSO SHOULD REALIZE THAT THE USG DOES NOT CONTROL ADMISSION POLICIES OF AMERICAN UNVERSITIES. I ASKED HOW OTHER GOVERNMENTS WERE HANDLING THEIR SCHOLARSHIP ASSISTANCE, KHADDAM SAID THAT THE NORMAL PROCEDURE WAS FOR A FOREIGN GOVERNMENT SIMPLY TO ADVISE THE FOREIGN MINISTRY THAT A CERTAIN NUMBER OF SCHOLARSHIPS WERE AVAILABLE. THE MINISTRY OF HIGHER EDUCATION WOULD THEN FURNISH, THROUGH THE FOREIGN MINISTRY, NAMES OF STUDENTS IT WAS DESIGNATING FOR THOSE SCHOLARSHIPS. I SAID WE WOULD PROBABLY TRY TO DEVELOP AND COORDINATE A SCHOLARSHIP PROGRAM DRAWING ON OFFICIAL FUNDS, RESOURCES OF FOUNDATIONS SUCH AS ROCKEFELLER AND FORD AND SCHOLARSHIP FUNDS AVAILABLE TO INDIVIDUAL UNIVERSITIES. THIS CLEARLY WOULD NOT BE A PROGRAM WHICH COULD BE DEVELOPED OVERNIGHT. KHADDAM SAID HE UNDERSTOOD THIS. WHAT WAS IMPORTANT WAS THAT SYRIAN GRADUATES GO IN INCREASING NUMBERS TO U.S. UNIVERSITIES. THIS WAS A BASIC DESIRE OF HIS GOVERN-CONFIDENTIAL

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MENT.

11. MENTIONED TO KHADDAM THAT WE HAD ALREADY SUBMITTED TO DR. ALOUNI IN HIS MINISTRY COPIES OF U.S. CULTURAL AGREEMENTS WITH SAUDI ARABIA AND EGYPT. HE STATED HE UNINFORMED ABOUT THIS AND WOULD CHECK IMMEDIATELY ON HOW ALOUNI WAS PROGRESSING IN HIS REVIEW OF SUCH AGREEMENTS.

12. CLAIMS: I DREW ON PARA 5 STATE 192413 NOTING THAT WE MUST AT SOME EARLY POINT DISCUSS OUTSTANDING AMERICAN CLAIMS, BOTH PRIVATE AND OFFICIAL, AGAINST SYRIA LEST WE FIND OURSELVES LEGALLY BARRED FROM OFFERING ECONOMIC ASSISTANCE TO THE COUNTRY. KHADDAM IMMEDIATELY AGREED. HE WOULD MEET WITH ME UPON HIS RETURN FROM THE UNGA IN EARLY OCTOBER TO CARRY OUT A FULL REVIEW OF AMERICAN CLAIMS. HE WAS CONFIDENT THAT AN EQUITABLE SOLUTION COULD BE REACHED ON THEM ALL. HE NOTED THAT NONE HAD BEEN MADE IN RECENT YEARS AND THE PRESENT SYRIAN LEADERSHIP HAD NOT HAD OCCASION TO REVIEW RECORDS CLAIMS FROM BEFORE IT TOOK OVER. HE STRESSED THIS SUBJECT COULD BE SETTLED AND IT WOULD NOT CONSTITUTE A PROBLEM TO RESUMPTION OF OUR ECONOMIC RELATIONS.

13. ASKED KHADDAM WHAT SORT OF ECONOMIC EXPERTS HE INTENDED TO HAVE ACCOMPANY HIM TO NEW YORK TO DISCUSS SARG REQUESTS. HE SAID HE EXPECTED TO HAVE TWO ECONOMISTS WITH HIM IN THE SYRIAN DELEGATION TO THE UNGA. AS A FORMER MINISTER OF ECONOMY, HOWEVER, HE HIMSELF WAS QUALIFIED TO SPEAK TO ALL QUESTIONS BEARING ON THE SYRIAN ECONOMY. I MENTIONED OUR INTEREST IN HAVING AID DEPUTY ASSISTANT

ADMINISTRATOR NOOTER COME TO DAMASCUS IN OCTOBER. KHADDAM SAID HE WOULD BE MOST WELCOME AND REQUESTED NOOTER ALSO ATTEND THE SESSIONS IN NEW YORK.

14. SUGGESTED TO KHADDAM THAT EMBASSY START INITIAL CONTACTS IMMEDIATELY WITH INDIVIDUAL MINISTRIES TO SEEK GREATER PRECISION ON HIS FIVE CATEGORIES OF REQUESTS. HE SAID HE PREFERRED THESE CONTACTS TO AWAIT OUR AGREEMENT IN PRINCIPLE ON THESE REQUESTS TO BE EXPRESSED THROUGH DRAFTING A TEXT OF A GENERAL ECONOMIC, CULTURAL AND TECHNICAL ASSISTANCE AGREEMENT. SAID THAT SPECIFICS RE AMERICAN PROFESSORS CONFIDENTIAL

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NEEDED AND PRIORITY RANKING OF SARG'S TECHNICAL ASSISTANCE NEEDS, FOR EXAMPLE, CANNOT BE GIVEN AT THIS POINT IN TIME. HE WILL TASK THE SYRIAN MINISTRIES CONCERNED TO DRAW UP WUCH LISTS ON HIS RETURN FROM NEW YORK. I SAID I WOULD REPORT THE RESULTS OF OUR MEETING IMMEDIATELY AND BE BACK IN TOUCH WITH HIM PRIOR TO HIS DEPARTURE FOR NEW YORK WITH ANY QUESTIONS THE DEPARTMENT MIGHT HAVE. (HADDAM REMAINS IN DAMASCUS UNTIL SEPTEMBER 18 WHEN HE DEPARTS FOR MEETINGS IN VIENNA AND THEN CONTINUES TO NEW YORK. HE EXPECTS ARRIVE NEW YORK SEPTEMBER 22-23 AND WILL REMAIN THERE UNTIL OCTOBER 3.)

15. COMMENT: WHILE MEETING DEMONSTRATED TOP LEVEL SARG DECISION TO SEEK TO DEVELOP WIDEST POSSIBLE RANGE OF ECONOMIC AND CULTURAL TIES WITH U.S, KHADDAM'S LIST APPEARS TO BE A HASTILY PREPARED AFFAIR. IN ASKING FOR SO LARGE A PROGRAM, SARG IS SURELY EXPECTING RESPONSE WHICH WILL HAVE BENEFICIAL POLITICAL IMPACT DOMESTICALLY AS WELL, PERHAPS AS ON SYRO-ISRAELI CONTEXT, HOPES FOR GENEROUS U.S. RESPONSE WHICH WOULD DEMONSTRATE SYRIA'S BALANCING OF TIES WITH SOVIETS MAY ALSO BE INVOLVED. CLEARLY THERE NEEDS TO BE A LOT OF HOMEWORK DONE BY SYRIANS NOT TO MENTION OURSELVES, BEFORE FULFILLMENT OF ANY OF ABOVE REQUESTS, WHICH RANGE FROM THE MOST GENERAL TO THE HIGHLY SPECIFIC. I RECOGNIZE THEIR REQUESTS FOR SCHOLARSHIPS AND AGRICULTURAL COMMODITIES GREATLY EXCEED WHAT USG HAS BEEN CONSIDERING. THIS INITIAL PRESENTA-TION, OF COURSE, IS TYPICAL OF OPENING NEGOTIATIONS IN SYRIAN SOUK. KHADDAM'S PRESENTATION AT LEAST GIVES US TIME TO FRAME OUR RESPONSE FOR NEXT ROUND OF TALKS IN NEW YORK

16. ADVISE SOONEST IF THERE ANY QUESTIONS DEPARTMENT WOULD LIKE KHADDAM TO ADDRESS PRIOR TO HIS SEPTEMBER 18 DEPARTURE FROM DAMASCUS, BEARING IN MIND HIS POSITION THAT WE SHOULD FIRST COME TO AGREEMENT IN PRINCIPLE AND DRAW UP A BASIC US-SYRIAN COOPERATION AGREEMENT BEFORE GETTING

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